

No. VII.

P A P E R S

RESPECTING THE

N E G O C I A T I O N

FOR A RENEWAL OF THE

East-India Company's Exclusive Trade.

CONTAINING,

Letter from the Right Honourable HENRY DUNDAS
to the CHAIRMAN, dated the 15th April, 1793.

AND

Report from the COMMITTEE OF CORRESPONDENCE
on the above-mentioned Letter approved by the
COURT OF DIRECTORS, on the 17th April, 1793.

PRINTED BY THE COURT OF DIRECTORS

FOR THE

INFORMATION OF THE PROPRIETORS.

REFLECTING THE

NEGOTIATION

SIR, FOR A REVIEW OF THE

I have been reading the report of the Committee on the Judiciary, and I have been very much interested in the report. I have been particularly interested in the report of the Committee on the Judiciary, and I have been very much interested in the report. I have been particularly interested in the report of the Committee on the Judiciary, and I have been very much interested in the report.

With this view, I wrote to Mr. Baring my letter of the 10th of February, containing what, upon the whole, I considered to be the leading principles which ought to govern the management of a national bank, and provided those principles were adopted, I will remain of opinion that they are the best to be adopted. But the system will not admit of being disjunctly considered, the interests it protects, to emphasize, and call for more attention. It was this opinion which led me in concluding the subject.

for with Mr. Baring to hold a free and unreserved intercourse, both with the Court of Directors, on the part of the East India Company, and with the exclusive privilege of that Company. Throughout the whole we considered it as our peculiar duty to watch over the interest of the public, and to take care that the important concerns of Great Britain were not injured by any Indian enterprise, should be settled in a manner which would be to the advantage of the country.

Letter from the Right Honourable Henry Dundas to the Chairman, dated the 15th April, 1793.

As the subject of the East India Company's business was to be discussed, it was not to be expected, that in every part of the debate, we could give satisfaction to all parties. I am, however, in your opinion, content with the result. **S I R,** IT having been reported to me that the Court of Proprietors have given their sanction to the observations made by the Committee of Correspondence, on the resolutions transmitted by me to the late Chairman, for the information of the Court of Directors and Proprietors, it may appear superfluous for me to offer any remarks on that paper; but feeling that some of the particulars stated in it require explanation, I shall state to you, without reserve, in what respects those observations appear to be inconclusive.

When my public duty imposed on me the necessity of bringing forward an arrangement for the future government and trade of India, I was well aware of the difficulties which would arise in conducting so extensive and complicated a business, which involved in it either the real or supposed interests of various descriptions of men; but I was not dismayed by those difficulties from a consciousness that my intentions were fair and open, and that the effect of liberal and unrestrained discussion, would either be to convince others, or to be myself convinced, if I was in an error.

With this view, I wrote to Mr. Baring my letter of the 16th of February, containing what, upon the whole, I conceived to be the leading principles which ought to govern the arrangement of this national business; and provided those principles can be carried into effect in detail, forming one connected system, I still remain of opinion that they are the best to be adopted; but the system will not admit of being disjointedly considered, the interests it professes to embrace, must all equally merit attention. It was this opinion which led me, in conjunction

tion with Mr. Pitt, to hold a free and unserved intercourse, both with the Court of Directors, on the part of the East-India Company, and with the other classes of men who supposed their interests at variance with the exclusive privilege of that Company. Throughout the whole we considered it as our peculiar duty to watch over the interests of the Public, and to take care that the important concerns of Great Britain with regard to its Indian empire, should be settled in a manner substantially beneficial to the extension of its commerce, and the improvement of its revenue.

As the object of the interviews we have held in the course of this business, was to endeavour to reconcile and conciliate what were supposed to be jarring interests, it was not to be expected, that in every part of the detail, we could give satisfaction to all parties; but the resolutions I transmitted to you did, in our opinion, contain a system which ought, upon the whole, to have satisfied the parties concerned; and we remain decidedly of opinion, that the interests of the East-India Company, in all its leading concerns, has been duly and liberally considered.

I shall now point out the particulars in which my opinions and those of the Directors materially differ.

It is not from any predilection for an opinion once formed, that I adhere to my own, but because I feel that the alterations proposed by the Court of Directors materially tend, in some particulars, to vary the leading principles of the system I have proposed. Every effort shall be made on my part to arrange this great business on some system; but if the Court of Directors and Proprietors continue to sanction, with their opinion, the whole reasonings contained in the observations brought forward by the Committee of Correspondence, I am satisfied that the ideas held out in my letter of the 16th February, cannot be the basis of that system.

RESOLUTION.

I have no objection to leave out the words "now or hereafter." The subsequent appropriation related only to a further surplus beyond the Public participation, and after the guarantee had been completed, which can scarcely take place before the term proposed, and therefore it is unnecessary to dispute upon the terms of a distant arrangement.

R E S O -

non with Mr. Pitt, as to the reserved intercourse, both with the Court of Directors on the part of the East-India Company, and with the British Government on the part of the British Government. The same reply is due to the remark on this second resolution, that the exclusive privilege of that Company. Throughout the whole we considered it as our peculiar duty to watch over the interest of the Public, and to take care that the important concerns of Great Britain should be settled in a manner.

Resolution 4. The terms of this provision are not very material, but I rather prefer the terms in which the resolution is at present conceived, wishing to collect the various existing laws as much as possible into one Act.

Resolution 5. Certainly. As the object of the measure is to reconcile and conciliate what were supposed to be jarred interests, it was not to be expected, that in every part of the detail, we should give satisfaction to all parties; but the resolutions I transmitted to you did, in our opinion, contain a system which ought, upon the whole, to have satisfied the parties concerned; and we remain desirous, that the interests of the East-India Company, in all its trading concerns, has been duly and liberally considered.

Resolution 6. According to the resolution as now conceived, the term will be twenty-one years from the beginning of March last. Twenty years, without the additional three for notice, is longer than the last term granted, with the three added to it. A short term might not be adequate to the liquidation of debts and the establishment of the guarantee; but every calculation proceeds on the idea that twenty years are more than sufficient; at the same time I am ready to acknowledge that this discussion, as to the term, has only become material from the other differences of opinion which have arisen. For if the system had been satisfactorily arranged in other respects, neither Government nor the Public at large, would be disposed to entertain apprehensions respecting the length of the term, but while there subsists a jealousy, that points insisted upon by the East-India Company, are incompatible with the success of the experiments which the manufacturers wish to make, they are naturally led to consider the term as improperly long.

Resolution 7. I have no objection to leave out the words "now or hereafter." The independent application relating only to a further surplus beyond the proposed term, the question had been completed. When the terms of this resolution are connected with those of resolutions 9 and 10, I cannot see how there can remain any ambiguity on any part of this branch of the subject.

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RESOLUTION 8.

This is certainly a very important point for discussion. I am very ready to admit, that in the original views I had formed respecting the Indian trade, I was not aware of the extent of the clandestine trade, and, of course, did not feel the importance of this part of the subject in the manner I now do; but under the impression I entertain of the Public mischief which arises from it, not only to the East-India Company itself, but to the navigation, revenues, and general commerce of the Kingdom; I cannot lose sight of it, without endeavouring, by every exertion in my power, to divert the course of this trade into a regular and legitimate channel. It is in this view only that this question as to the importation of piece goods is material; it is true as stated in the remark, that it is a point on which the manufacturers of this country entertain no anxiety, wishing (I think erroneously) to discourage such importation to any extent. But in considering the point, the manufacturers look at it only in one view, and totally shut out all consideration of the circumstances which operate on my mind. My apprehensions on the subject rest simply on this ground, that piece goods cannot be excluded from the assortment of the goods to be imported by individuals, without leaving to clandestine traders the chief article of their trade, whereas, by not excluding it, there is reason to hope that the whole of the manufactures of India, which now find their way to Europe, with the exception of the small quantity imported by foreigners on their own capitals, would be brought home to London, as the great emporium, and in British shipping legally authorised. If the East-India Company can satisfy me that either by an extension of their own trade for exportation, or by an extension of the indulgence at present granted to their privileged traders, the grounds of my reasoning can be done away, it is impossible I can entertain a wish to urge a point which the East-India Company seems so adverse to yield.

RESOLUTION 9.

I agree that the full extent of this proposition cannot be judged of, without a more particular specification of the ulterior arrangements; but if I may judge from what passed in the interviews with the Court of Directors, there need be no difficulty on this point. Indeed it will

be observed, that the 3000 tons mentioned in this resolution as the beginning of the experiment, is but the one half of what the Directors themselves proposed in their answer to my letter of the 16th of February.

RESOLUTION 10.

This is so material a part of the subject, that it merits further explanation. With this view, I must refer you to my letter of the 16th February, where I first brought forward my idea of the exports from this country, and the private imports from India being carried on through the shipping of the Company, and it will be found that I there explicitly stated as an essential part of the plan. "That it must be done at a rate of freight so reasonable as to satisfy the merchants and manufacturers of this country that the effect of the monopoly of the East-India Company is not calculated to bring an unnecessary, and, of course, an unjust burden on the manufacturing interest of Great Britain and Ireland."

Holding this principle in view, I must entreat you to consider how the question is now circumstanced. The Court of Directors are complaining that I am urging the East-India Company to give tonnage to the exporters, at a rate not exceeding £.20 per ton, which is stated as being at a rate lower than they can procure it. On the other hand, the traders and manufacturers are asserting, (and in the most positive terms) that if not shackled by a connexion with the shipping of the East-India Company, they can procure ships to answer the purposes they have in view, at a rate not exceeding £.14 per ton for the whole voyage out and home; and impressed as they are with that idea, they reluctantly acquiesce in the proposition of paying even £.20, and I am sure it is impossible for me to urge them to pay more. It may be very true, that the East-India Company, from considerations peculiar to their own situation and commerce, may find it convenient to keep up a shipping capital, even upon a higher scale of freight than adventurers may be disposed to accept of, but still the question always recurs, why this is to be laid as a burthen on those private exporters, who are wishing to try the experiment, how far the exports to India can be extended further than they now are, and who consequently complain that the system pursued by the East-India Company, whether necessary or not, for their own trade, has the tendency to bring a burden on the exports from this country, to which they would not be

be subjected, if the monopoly of the East-India Company did not exist.

This I apprehend to be the fair view of the question as now stated by the respective parties; and it is impossible to find a solution for the difficulty, except in one of two ways, *either* by the East-India Company (without regard to whether they are losers by it or not) agreeing to give the shipping at a rate satisfactory to the private exporters; or by the shipping for this purpose being procured by the exporters themselves, under such license and regulations as may be expedient under all the circumstances of the case.

If this last mode can be adopted with safety, it is clearly the one which would solve many difficulties, and get rid of many existing grounds of difference. The objection to it is, that inconveiences and perhaps dangers might arise to our Indian Empire, if such unrestrained intercourse was to be admitted, as might take place, if ships of that description were to be allowed to sail to India, and I feel the weight of this objection very forcibly, from the opinion entertained by every body, possessed of local knowledge, with whom I have conversed, and who have all stated, that the utmost delicacy is requisite in guarding against an unrestrained intercourse with the Natives of India. How far regulations may not be devised, sufficiently available to check any irregularities of that nature, is well worthy consideration; because as I have already observed, adopting this mode would relieve the question, and I think the East-India Company of many difficulties both in principle and in detail. But if no such regulations can be devised, no other alternative remains but that the shipping must be found by the Company, at a moderate rate, certainly not exceeding £.20 and even lower; if by any future arrangements with regard to their shipping, the Company shall be able to obtain a lower rate of freight for themselves.

The Court of Directors object to the division I have made of the freight, (*viz.*) £.5 out and £.15 home. But a very superficial view of the question, will certainly shew that this is the same objection, stated in different terms; and my answer to it is, that I fix £5. out on purpose to remove every ground of cavil, that the experiment is not fairly made with regard to the exports from this country, but if the same purpose is answered by making the export freight a little higher, and the import lower, I can have no objection to such an arrangement. My reason for fixing the freight for import at £.15 was, that I am possessed of complete evidence to satisfy me that if the rate home was fixed at £.15, and the duties exacted at the India House considerably reduced,

reduced, those who now trade through Oostend, would cease to do so. Having that evidence before me, I had no hesitation in adopting the sum of £15 as the freight home, and still less in naming £3. as the freight out, because in doing so, I gave an unequivocal proof that it was the wish of the East-India Company, to give a fair trial to the experiment, which the manufacturers were desirous of making, with regard to the export of the manufactures of Great Britain and Ireland.

I have every objection therefore, that has or can be stated on this part of the subject, I make for answer, that it is my anxious wish to encourage the export of British and Irish manufactures to India; to encourage the importation of raw materials from India, and to put an end to the trans-India trade both to and from it; and if a loss by the Company in the article of freight is necessary to attain those ends, let the duty of the East-India Company, circumstanced as they are, to consent in those cases.

I have only further to observe on this resolution, that the words in the preamble, to whatever may occasion an increase of the Company's freight, are too general, but the suggestion is a fair one, and ought to be met by some explanatory words. I have already observed, that the words in the preamble, to whatever may occasion an increase of the Company's freight, are too general, but the suggestion is a fair one, and ought to be met by some explanatory words. I have already observed, that the words in the preamble, to whatever may occasion an increase of the Company's freight, are too general, but the suggestion is a fair one, and ought to be met by some explanatory words.

RESOLUTION 12.
Company shall be able to obtain a lower rate of freight for themselves.

If the specified quantity of tonnage is furnished, it is certainly a matter of no moment in what ship it is to be furnished.

RESOLUTIONS 14 and 15.
I have already observed, that the words in the preamble, to whatever may occasion an increase of the Company's freight, are too general, but the suggestion is a fair one, and ought to be met by some explanatory words.

I admit that the two questions here stated, both arise upon those resolutions, and I likewise admit that the subject is of such importance as to merit due and deliberate consideration. It is not disputed, that foreign nations are entitled to carry on trade with our Indian possessions. These countries never have been, nor never can be held on the footing of colonial possessions, and provided

foreign nations trade with our Indian subjects upon their own capitals, which they must do: if sufficient latitude is given to individuals to bring home their fortunes, through the medium of legitimate trade, it is certainly a great advantage, and not a loss to the industry and population of our Indian territories, that foreigners should exercise that trade. This being the case, I am not able to figure to myself a rational ground for contending, that the agents to be employed by those foreign traders should not rather be British subjects, than the subjects of foreign nations, as undoubtedly they must be, if British agents are excluded. But this manifest advantage arises from their being British subjects, that they are under the license and controul of the British Government in India; and it must be recollected that through the whole of these negotiations, whether verbal or written, I have uniformly stated this as essential to the character of such agents. And here permit me to observe, that I am not now proposing to introduce any new practice in the conduct of Indian trade, for whether it is the fair trade of foreigners, or the clandestine trade of British subjects; it will not be disputed that the only agency now known, is the agency either of British subjects or of Natives, the subjects of our power in India; I am therefore only contending for the legalizing a practice actually existing, but it is a material difference in various views, whether it continues to exist as a legal practice, controuled and regulated as expediency may suggest, or is to continue in the face of law, with every disadvantage which may be suffered to attend its existence, and without the advantages of regulation and controul.

After what I have now, and throughour, explicitly stated as my opinion as to the consequence of preserving the European character in India, and the propriety of preventing a free and unrestrained intercourse with the natives of India; it would be superfluous for me to enter into any examination of the authorities referred to by the Court of Directors; I do not differ in those principles, and my proposing that both the Government and Trade of India, should continue to be conducted through the medium of the East-India Company, entirely rests on the basis of those principles, which have not escaped my most attentive consideration. I have given it without reserve as my opinion, that if we are to attend solely to the effects which an open trade would produce on the pecuniary concerns, either of the Public or the East-India Company, I should not be alarmed by it, but on the grounds stated in the remarks of the Court of Directors before me, and upon other considerations of a collateral nature, it appears

appears most safe and expedient to continue the Exclusive Charter of the Company; provided such propositions are acquiesced in by them, as will answer the other objects pointed out in my first communication on this subject, in the letter of the 16th February, so often referred to.

Before quitting this subject it may be proper to observe, that the authorities to which the Directors refer, as founded on the opinions of their most able servants, do most, if not all of them go back to a period before the mischiefs referred to, were remedied by the amendments which the Legislature has made on the jurisdiction of the Supreme Court of Judicature; and before other grounds of inconvenience were removed by the judicious regulations, which under the government of Lord Cornwallis, have been made for the protection of the weavers and manufacturers of India.

Upon these grounds I am of opinion, that the policy established in 29th sect. of the 63th cap. of the Act 21 Geo. III. is and always was an erroneous policy, and ought to be altered; but I have no objection to the provision of the 28th section of the same Act, as it falls under the principle of controul over the persons resident in India, with which my opinion perfectly concurs; and in like manner I am of opinion, that the provision of the 30th section of the Act, may be with great propriety enforced, if a fair latitude is given for bringing home the fortunes of individuals, through a legitimate channel; but while it was the policy of this country to shut up every fair channel for the remittance of fortunes, such a provision was obviously unjust, and of course frustrated its own ends.

RESOLUTIONS 16 and 17.

If the Directors in their remarks had pointed out any real objects either of commercial or political importance, for encreasing these charges from 3 per cent. to any larger sum, I should certainly have been perfectly ready to revise my own ideas on this subject; but if it is stated merely as a pecuniary defalcation from the cash estimate, I cannot admit the validity of the conclusion drawn from it; due consideration being paid to the manifest advantages resulting from it, compared with any possible loss that can be specified. The great object I point at, is by a reduction of freight, even below £ 15 home, (if necessary) and a reduction of the charges upon the sales, to en-

RESOLUTION 18.

I do not mean to state that this resolution, being merely retrospective, is of any very essential moment; at the same time it does not occur, that the facility proposed by it, would be of any detriment to the Company. The object of the proposition is to take off the penalties on the Company's servants, who have shipped goods on foreign vessels, which have been sold on the Continent.

The fourth head of appropriation, respects the form applicable to commercial purposes, and if it is more beneficial to remit it home through China, than directly from India, it is certainly not meant to put any impediment in the way of doing so, and if it is thought necessary, there can be no objection to add words, "allowing to remit to China for procuring an investment there."

I am rather disposed to think that £3,000,000 is sufficiently low to make the standard, to which the debt is to be reduced, but if the Company have any different impression on the subject, I have no objection to yield my opinion to theirs.

regarding

to discourage all clandestine trade. There it will be observed that the estimate of the Company calculates only £200 as the amount of the debt upon this resolution, because it goes back to former negotiations and modes of arrangements, under very different circumstances, and a very different mode of management from what at present exists. One striking illustration of this is to be found in observing that no notice is taken of the effects of the commutation act, which varies the whole state of the Company's affairs, and independent of all claim or right in the territorial revenues, varies in every respect the just demands of the Public.

I therefore think it unnecessary in support of the propositions now brought forward, to enter into any discussion upon the mode of participation formerly adopted; at the same time it may be right to observe, that if the circumstances were now such as to admit of a participation on the footing of the act of 1781, the Public would have £900,000 out of the £1,200,000, and the Company £300,000 by the present plan of £500,000 of the £1,200,000 goes to the reduction of the debt before any participation.

I think there is another inaccuracy in this reasoning, when it considers the exclusive trade as a separate advantage, set aside for the Company along with the 2 per cent. of additional dividend.

By the proposed arrangement, it was never meant to form such a distribution as that stated in the observations, which suppose 2 per cent. additional dividend, and the exclusive trade to be the *separate share* of the Company; it was, on the contrary, intended that the Company and the Public should participate in a certain proportion (and in an order to be fixed) out of the *whole amount*, both of trade and revenues.

It is said that "no notice is taken in this clause of the engagements, the Company is under at present, respecting the payment of the Indian debt, which should be provided for in the first instance, and the new arrangement of £500,000 to take place from the expiration of the existing one."

It appears to me that this observation is completely obviated, by adverting to the cash estimate of the Company. By the accounts laid before Parliament, the whole amount of the principal due, on account of the debt transferred, is £1,354,050; of this, the payment of £1,000,000 is provided for in the present year by the estimate, besides repaying

repaying the £600,000 borrowed of the Bank on mortgage of the Company's annuities, and a balance is estimated to remain in the treasury of £679,496. The exigencies of the present year seem, therefore, to be provided for on the present plan of paying £1,000,000 of Indian debt. Besides this, £2,000,000 may be raised by the new capitals, of which £1,700,000 will be required to reduce the bond debt to £1,500,000; the remaining £300,000 is applicable to the increase of dividend not provided for in the estimate, viz. £150,000 (2 per cent. on £5,000,000, and 10 per cent. on the additional capital of £1,000,000 for half a year) this would leave £150,000 to be added to the balance of cash, and would make the amount £829,496 on the 1st of March, 1794.

The payment therefore of £500,000 to Government in the present year, even supposing also the repayment of the whole sum of £600,000 to the Bank, will only operate as a reduction in so far of the total balance on the 1st of March, 1794, which would otherwise amount to above £829,000 in the present year.

The subscriptions in India, before new orders can arrive there, will not probably be such as to occasion a demand of more than £500,000 on that account next year.

It is said that no notice is taken of the separate fund of the Company; I really know not what notice it is expected I should take of it, I have never made any question as to the right of the Company in this respect, and have no objection to its being ascertained, and liquidated in any manner they please. I would wish to receive their suggestions with that view, but I trust that no suggestion will be made to disturb the cash estimate of the present year, or to interfere with the appropriation which has been held out to take place in the course of it.

Under this resolution it remains only to advert to the objection offered against the participation with the Public being made good from the excess of surplus in the succeeding year, in the case of its being casually defective in a prior one. Altho' I do not feel this objection to be of great moment from the conviction I entertain that under a proper administration of the Company's affairs, no such deficiency is likely to exist, I still think, upon the principle on which I suggested this appropriation, and to preserve consistency in the whole of the arrangement that it is essentially necessary for the Public, this provision should be adhered to. It is to be observed, that it has been explicitly agreed to, that not only the sum allotted for the extinction of debts, but likewise the sum appropriated for the increase of dividend, should have

have a preference over the participation with the Public, and this rule to be adhered to in the payments of each separate year, consequently the proposition now made, that the Public should be indemnified for the loss of one year from the exceeding of another, does not on any given supposition interfere either with the interest of proprietors or creditors, that being the case, and considering that the administration of the commerce rests exclusively with the Directors of the East-India Company, it would be an unpardonable inattention to the interest of the Public, if a large sum in a particular year should go to the guarantee fund, when some accidents in the course of the former year's administration, had prevented the Public from receiving its full right. In sound policy, and as a stimulus to good management, it is desirable that the participation with the Public should be guarded in the manner now proposed.

I have no objection that the suggestion contained in the concluding words of these remarks should be attended to; and, the reserve proposed, should be made conformable to my letter, dated the 24th of February.

RESOLUTIONS 23, 24, and 25.

I never have been satisfied with the restraints contained in these resolutions, but I was induced to yield to them, from conceiving that the East-India Company had no objection on the subject, and that the interest of no individuals was materially affected by it. I have now had an opportunity of reviewing the question again in all its different aspects, and I am convinced that the prohibition urged by the muslin manufacturers of Manchester, have not been duly considered by them, and that a compliance with their wishes will be productive of serious mischief, not only to themselves, but to the interest of other respectable individuals, and of the Public in point of revenue. And I am likewise disposed to think that the East-India Company have not thoroughly weighed the consequences of this prohibition, if they conceive that the competition of the home market, at present existing at their sales, is not of material use to them. It is obvious, therefore, that this subject must be more fully examined.

RESOLUTION 27.

In my observations upon what is stated under Resolution 21, I have said all that is necessary on the subject of this suggestion.

RESOLUTION

RESOLUTION 28.

To a moderate amount, and for a limited time, there can be no objection to adopt the suggestion here offered.

Having thus adverted to the observations made by the East India Company on the different resolutions transmitted by me to them, and having, in the course of what I have stated, had occasion to refer to most of the topics introduced into the concluding part of the report of the Committee of Correspondence, it is unnecessary for me to detain you any longer. I join with the Committee, in the earnest hope, that all the points under discussion, will be satisfactorily explained and settled: for this purpose, I have made every concession I can, and where I do differ from the reasoning of the Court of Directors, I have endeavoured to do it temperately, and in the spirit and terms I trust, of candid discussion; I have pertinaciously adhered to no opinion which does not appear to me essential to the public interest.

Although it was not probably meant to convey any insinuation of the kind, yet, as it may be so misconstrued, it would be wrong in me before concluding, not to advert to those expressions in the Report of the Committee of Correspondence, from which it may be inferred, that any part of my reasoning, or observations, had a tendency to counteract the expectations, which Mr. Pitt and I had held out to the Proprietors of India Stock. Nothing of the kind is imputable to us, and I can give no more satisfactory proof upon that head, than by referring you to an admission I have repeatedly made, both in private, and in my public correspondence: "that the dividend I have held out to the Proprietors, was one, which could be completely realized to them, independent of any exclusive charter of trade."

In arguing, therefore, the *terms* on which the exclusive trade ought to be granted, it cannot surely with justice be imputed to me, that I am bringing into risk any of the expectations held out to the Proprietors of India Stock, when I am contending that those expectations are perfectly secure and well founded, independently of any exclusive charter of trade. The policy of continuing the exclusive trade of the Company, rests on principles of expediency and political economy, not totally, but in a great measure, distinct from the pecuniary interests, either of the East-India Company, or of the Public.

If I had no other motive for wishing an amicable arrangement, the dread I have in every case, to depart from old systems, would operate strongly

strongly with me to attain that object; and I am likewise aware, that if the exclusive Charter is not to take place, there will be many difficult and complicated questions to be settled. If those difficulties must be encountered, I shall not be dismayed at undertaking the task, and shall not despair of executing it with success; but it will, in every view, be infinitely more satisfactory to me, if the business can be arranged on the principles I suggested in my letter of the 16th February.

I have the honour to be,

Sir,

Whitehall, Your most obedient humble servant,

15th April, 1793. HENRY DUNDAS.

At a Committee of Correspondence, the 17th of April, 1793.

THE Committee in deliberating with the most serious attention on the letter from the Right Honourable Henry Dundas to the Chairman, dated the 15th instant, observe, with great satisfaction, the fair and liberal manner in which the points in dispute are discussed, and as they shall proceed to offer the observations which occur to them, with the same disposition, they flatter themselves with the hope of a happy termination of their labours.

The candid answers returned to several points, which, although extremely important for the Company, may be considered more properly as inaccuracies than as objections or difficulties, will render it unnecessary for the Committee to dwell upon, or even to consider similar circumstances at present; under a firm persuasion, that if any such shall arise hereafter, they will be removed, as much to the satisfaction of all parties, as those have been to which the Committee now allude.

RESOLUTION 6.

After what has been mentioned by Mr. Dundas with regard to the term, the Committee will not press the subject further, in the hope that a final arrangement in other respects will be productive of the full

extent of the term which the Company have been led to expect, and more particularly as a shorter term than what was proposed may not be sufficient to accomplish the objects which the present negotiation has in view. It will be sufficient to say, that the rate of freight outwards too low, which they will be led to expect, by paying £.12 per ton on the freight of raw materials.

RESOLUTION 8.

If the Committee, on a former occasion, were anxious to exclude any competition with the Company in the importation of Piece Goods, it was from an opinion of its being necessary to enable them to look with some degree of confidence to the means for discharging the debts of the Company, and to fulfil those expectations which will be raised under the proposed arrangement. With this view it is impossible to select any one or more articles better calculated for the purpose, and more consonant with the principles to be established, for the benefit of the British manufacturer; at the same time, that it is useful for the political system of India. But whilst the Committee anxiously contended for this material article, they had no idea of exercising the power, if vested in the Company, to the absolute exclusion of others, unless the same should be necessary for the purposes which have been mentioned. On the contrary, individuals have been permitted, and no doubt they will hereafter be permitted, to import Piece Goods to any extent, which shall not be injurious to the Company, and which will secure the objects Mr. Dundas has in contemplation. At the same time the Committee are persuaded, that he will perceive the reasonableness of their request, for the Company to be vested with the power proposed.

RESOLUTION 10.

The Committee are sorry to perceive that the arguments which they have urged, in regard to the rate of freight, do not prove satisfactory to Mr. Dundas.—It is agreed, that the whole rate to and from India, in quiet times, shall be £.20 per ton, and no more is meant by the words “to whatever may occasion an increase in the Company’s freight,” further than circumstances incidental to war, or to the preparation for war or hostilities.

The division of the rate of freight is therefore the sole object of discussion.

It is presumed, that Mr. Dundas must have two descriptions of persons in view on this occasion.

The manufacturers of Great Britain and Ireland, who cannot have the rate of freight outwards too low, whilst they will suffer in the consequence, by paying £. 15 per ton on the freight of raw materials homeward.

And those persons who may have carried on a clandestine trade between India and the Continent of Europe hitherto, which trade it is supposed will be drawn to London in future, under the regulations proposed to be established for the purpose.

If the latter can be accomplished, or that it were probable the rate of £. 15 per ton freight would not operate to frustrate the expectation, the Committee would readily join issue on the subject. But without impeaching the authorities to which Mr. Dundas alludes on the occasion, the Committee cannot forbear to urge, from the moderate knowledge they have on commercial subjects, that it is their opinion the rate of £. 15 per ton freight home, may prove the means of swaying the produce and manufactures of India to the Continents of Europe and America, instead of bringing those goods to London, and thereby rendering this country the general depot. But the Committee concur entirely with Mr. Dundas, that the utmost delicacy is requisite in guarding against an unrestrained intercourse with the natives of India, which can only be accomplished by restraining the commercial intercourse to the Company's ships; and is therefore of far greater importance to the Company and to the Public, than the loss which may result from the rate of freight.

And as Mr. Dundas does not appear to object to a small variation in the division of the freight, the Committee submit that £. 6 per ton out, and £. 14 per ton home, would be better terms for the attainment of his object.

RESOLUTIONS 14 and 15.

The variations proposed by Mr. Dundas in the very important Resolutions, No. 14, and 15, it is presumed will be sufficient for the purpose of all parties.

RESOLUTIONS 16 and 17.

The reduction of the Company's charge on Private Trade from 7 to 3 per cent, has been already fully discussed, whatever may be the opinion of the Committee as to the loss to be sustained by the Company, in consequence of this proposed reduction; yet as Mr. Dundas conceives the measure to be important in a national view, the Committee are disposed to yield to his wishes.

RESOLUTION 20.

The Committee have already suggested their wish, that the debts in India may be reduced to £. 2,000,000, instead of £. 3,000,000. And in consequence of what Mr. Dundas has mentioned, they are glad to find that he yields to their opinion.

RESOLUTIONS 23, 24, and 25.

The Committee are very happy to perceive, that Mr. Dundas concurs in the general opinion, that a prohibition to the consumption of Piece Goods in this country would be injurious to the Public, and even to the British manufacturers, without producing any good effect whatsoever. Encouraged by this liberal consideration of the subject, the Committee propose to draw the attention of Mr. Dundas to the situation of their trade in Piece Goods on another very important point. The Company, and the Private Traders of this country, labour under great disadvantage in their competition with foreigners, in consequence of the heavy duty remaining on Piece Goods in their transit through Great Britain; which although it does not attach to the present negotiation, yet it is closely connected, and even absolutely necessary for the purpose of drawing the trade between India and the Continent of Europe to London, and thereby rendering this country the general depôt.

The Committee in suggesting to Mr. Dundas a plan relative to the appropriation of the separate fund of the Company, will take care that it shall not interfere with the participation of the Public. The amount appears by the account already produced, to be £. 467,896, together with £. 9,750 capital stock, the Committee would propose this plan under the limitation suggested by Mr. Dundas, of not disturbing

turbing the cash account of the present year, or interfering with the appropriation which has been held out to take place in the course of it, viz. that the £. 9,750 stock be sold, and the produce thereof, together with the £. 467,896 shall remain at interest at £. 4 per cent. in the hands of the Company, to be applied in additional dividends to the Proprietors, at the rate of 10 shillings per cent. per annum, to commence after the first £. 500,000 shall have been actually paid to the Public, and to continue until the separate fund, and interest shall be exhausted; and as there can be no doubt that this fund is sufficient to secure this dividend during the term proposed, this plan will prevent unnecessary fluctuations in the value of the Company's stock.

It is with great regret that the Committee perceive a disposition, on the part of Mr. Dundas, to adhere to that part of the 21st Resolution which relates to the participation of the Public, by charging the deficiency which may happen in any one year, as a debt to be liquidated by the surplus of any following year, as they conceive that it exceeds the principle upon which a plan of participation was originally formed and agreed to, in which the pecuniary interests of the Public, obtained a decided preference over those of the Company.

Whether the case is considered retrospectively, or as a new one, there can be no doubt but that the measure must finally rest upon its own merits, and which cannot weaken the expectations of the Company, when it is considered, that the participation of 1781, being three-fourths for the Public, and one-fourth for the Company, was always considered as oppressive, and submitted to as an act of necessity.

For the purpose of ascertaining what is just and equitable, a cursory view of the question may be useful.

Whatever surplus may remain, it must arise either from the political or commercial affairs of the Company; and whilst it is agreed, that the whole must be thrown into one mass, for the purpose of participation generally; yet it may be necessary to consider them separately, in order to ascertain the degree of advantage which the Public and the Company derive from each.

Suppose the revenues of India produce one million sterling, over and above the expenditure, half that sum is to be appropriated to discharge debts contracted during war for the support and defence of the Empire, which is a clear benefit to the State.

The remaining half will be paid into the Exchequer for the service of the Public under the proposed arrangement.

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Consequently the Company receive no benefit whatever from the Indian revenues, and when the debts are reduced to the sum proposed, the Company will then participate to a trifling extent of the proportion of the present produce of the Indian revenues.

The Company's advantage and even their dividend must arise altogether from commercial resources; the extent, however, is limited; for if the trade produces more than sufficient for their dividend, the surplus is to be applied to general purposes, and for the present, towards the liquidation of their political debts.

The Committee do not understand in what manner the Proprietors of India stock have benefited by the Commutation Act. Their dividend before 1784 was 8 per cent. and it has been no more since that period. It is true, that it has contributed greatly to the present state of their affairs, by liquidating debts contracted during the war, which, it is presumed, has been exclusively for the benefit of the Public. That act was not passed as a boon to the Company, but for the purpose of suppressing smuggling, in which it succeeded beyond expectation. And the Proprietors of East India stock have not received any addition to their dividend, although they advanced the capital necessary to carry on the business, have run considerable risk; and the whole has been altogether under the management of the Court of Directors.

If the whole of the surplus shall not produce sufficient for the additional dividend for the debts, and £,506,000 for the Public, whatever sum may be received by the Public, must place the cash of the Company in a dangerous situation, and consequently may expose the Company to the mercy of every administration for relief. Therefore the arrangement as proposed by Mr. Dundas under the 21st resolution, is pregnant with consequences which may prove fatal to the term for which it is intended to continue their exclusive trade. At the present moment a diminution in the charge of the Company on Private Trade, must produce a defalcation in the whole of the expected surplus; and that defalcation will be augmented considerably hereafter, when the war freights become payable.

If the Committee could rely on a permanent peace, the difficulty would be removed; under a firm persuasion that the surplus would be sufficient to answer every purpose; but looking forward to a certain defalcation in one or more years, they cannot avoid considering the consequences to which it may lead, and endeavour to render them as little injurious to the Company as possible: and therefore the precaution

tion suggested by the Committee in the concluding part of their answer to the 21st proposition of Mr. Dundas, and of which he approves, must be carefully attended to.

If Mr. Dundas's plan shall be adopted, the Committee are inclined to hope, and think, that in the space of twenty years the Public will receive the full amount of their participation, being ten millions; whilst the Company will receive no more than two millions, which is an argument the Committee apprehend to be sufficient to remove every doubt from the mind of Mr. Dundas, as it is conceived to great a disproportion could not have been intended under an arrangement which gives to the Public their share for the whole of the time almost equal to a certainty, and could only have been in contemplation under the contingent circumstance of an occasional default.

The Committee desire that the Chairman will submit these observations to Mr. Dundas, in the hope that he may be induced to favour them with an early answer, and to request from Mr. Dundas, an assurance, that any deficiency which may arise in any one year on the participation of the Public, shall become a charge only on the surplus of succeeding years; moreover that Mr. Dundas will be pleased to furnish an explanation relative to the guarantee fund, conformably to the directions of the General Court, and of which no notice is taken in his letter.

In the mean while the Committee resolve that a copy of the letter from the Right Honourable Henry Dundas, together with this report, be laid before the Court of Directors, and to desire that the same may be printed for the use of the Proprietors, previous to a General Court, to be summoned for Saturday the 20th instant.

WILLIAM DUNN,

THOMAS CHILLY,

GEORGE TATAM,

JOHN ROBERTS,

JOHN HUNTER,

JOHN SMITH BURGESS,

LIONEL DARELL,

JOHN TOWNSON,

FRANCIS BARING.

now suggested by the Committee in the concluding part of their report.

It is the duty of the Committee to state that they have not been able to

obtain the necessary information for the purpose of making a full statement of their proceedings.

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